

Cost of production : Fiscal year 2005 (with a comparison to 2004)



Results of the USDA Organic cost study



University of Maine
Rick Kersbergen
Timothy Dalton



THE UNIVERSITY
OF VERMONT

University of Vermont
Bob Parsons
Glenn Rogers

The average farm:

		2005	2004
Number of farms participating		44	30
Average herd size	(# of milking cows)	56	48
Average annual milk shipped	(cwt)	7,401	6,890
Rolling herd average	(annual lbs. shipped/# of milking cows)	12,619	14,060

The average farm's revenue:

(\$/cwt)

	2005	2004
Milk	\$24.94	\$22.97
Animal sales	\$1.29	\$1.08
Crop sales	\$0.19	\$0.11
Other revenue	\$1.78	\$1.67
Total cash receipts	\$28.21	\$25.83

The average farm's cash expenses:

(\$/cwt)

		2005	2004
Operating Expenses			
Auto	\$	0.37	0.40
Bedding		0.51	0.43
Breeding		0.36	0.36
Chemicals		0.01	0.02
Custom hire		0.58	0.37
DHIA		0.10	0.09
Fertilizers		0.15	0.07
Purchased feed		7.41	7.24
Fuel and oil		0.86	0.68
Insurance		0.63	0.64
Interest		1.10	1.04
Hired labor		2.44	2.10
Marketing		0.42	0.44
Taxes		0.54	0.54
Rent		0.43	0.10
Repairs		1.90	1.31
Seeds		0.10	0.04
Supplies		1.58	1.36
Utilities		1.13	0.90
Veterinary		0.32	0.30
Medicinal supplies		0.05	0.04
Miscellaneous		0.55	0.57
Total Cash Expenses	\$	21.55	19.05

The average farm's cash expenses:

(\$/cwt)

	2005	% of cash expenses	2004	% of cash expenses
Operating Expenses				
Purchased feed	\$7.41	34%	\$7.24	38%
Fuel and oil	\$0.86	4%	\$0.68	4%
Repairs	\$1.90	9%	\$1.31	7%
Seeds	\$0.10	0.5%	\$0.04	0.2%
Utilities	\$1.13	5%	\$0.90	5%
Total Cash Expenses	\$21.55		\$19.05	

The average farm's net income and earnings** (\$/cwt)

	2005	2004
Net farm income from <u>dairy</u> operations	\$0.58	\$0.84
Net farm income from operations	\$4.17	\$4.05
Owner withdrawals	\$6.64	\$6.29
Net farm income	-\$2.50	-\$2.24
Off-farm income	\$2.90	\$3.32
Net farm earnings	\$0.40	\$1.08
ROA	-0.52%	-1.56%
ROE	-4.00%	-5.49%

**Net income and earnings include costs and revenues accrued during the year.

The numbers are trying to say that...

- Cash revenue from milk sales is up in 2005
- Cash expenses are up in 2005
 - Fuel
 - Repairs
 - Utilities
- Increase in costs off-set increase in revenues
- Including the owner withdrawal for management and labor of \$35,000, 64% of the farms report a negative net farm income